

Company Registration No. 12238837 (England and Wales)

DRS CARE HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



DRS CARE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mrs R Datoo Mrs N McDonald
Company number	12238837
Registered office	45 Pembury Road Tottenham London N17 6SS
Auditor	Shaw Gibbs (Audit) Limited 264 Banbury Road Oxford Oxfordshire OX2 7DY

DRS CARE HOLDINGS LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Group statement of comprehensive income	8
Group balance sheet	9
Company balance sheet	10
Group statement of changes in equity	11
Company statement of changes in equity	12
Group statement of cash flows	13
Notes to the financial statements	14 - 30

DRS CARE HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Principal Activity

The principal activity of the Company is that of a holding company. The core principle activity of the Company's subsidiaries is the operation of care homes and supported living services. The company and its subsidiaries are domiciled in the UK.

The primary activity of the group is the provision of accommodation with personal care for adults between the ages of 18-65 in care homes. It also provides supported living accommodation for adults to live more independently. Hours of support are provided in supported living services depending on needs.

DRS Care has been operational for 33 years. It currently provides accommodation in the form of 14 residential care beds situated in one of three care homes and 50 supported living beds. The Group's strategy is on continuing growth through new builds and are currently building 5 townhouses.

Fair review of the business

The directors are satisfied with the performance of the group during the year given the difficult circumstances of trading during the Covid-19 pandemic. Turnover increased from £5,519,669 to £5,683,106 mainly as a result of the Covid-19 pandemic impact in 2020 and growth as the group continues to expand its services. The Infection Control Fund from the Local Authority assisted in putting in measures to prevent the spread of Covid-19. The larger Covid-19 related costs came from building new separate offices, PPE, purchase of cleaning materials, training, extra staffing and communication costs.

The group remained profitable with a profit before tax of £324,179 and gross margin remained stable at 28%

EBITDA from continuing operations has increased to £754,863. We are currently discussing fee rate inflation with the council to assist with expected cost increase due to the cost of living crises and inflation rates.

Relationships with suppliers and customers remained strong throughout the period. As at the balance sheet date the group had a positive cash position of £31,403 and net assets of £5,661,768.

The net debt position of the Group at year end compromised the following:

Cash at bank and in hand	£31,403
Borrowings excluding overdrafts	£(8,118,692)
Obligation under finance leases	£(156,429)
Total	£(8,243,718)

DRS CARE HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties

The impact of the Covid-19 pandemic was significant to the company's trading performance during this period and remains a risk going forward.

The economic climate is clearly uncertain as a result of a group of factors including the war in Ukraine fuelling increasing inflation and interest rates. The relevant risks are being appropriately managed.

We are committed to providing high quality care. This is monitored through Local Authority inspections, CQC inspections and internal audits. We ensure there is a structure for reporting to senior management and the Board of any potential issues. All action plans are regularly reviewed to ensure implementation.

Risks to Health and Safety are minimised through appropriate staffing and training. We ensure a safe working environment is provided and regular safety audits are completed.

The need to implement London Living Wage has put pressure on our finances. We are currently in talks with our Local Authority to increase our fee rates to enable us to increase staff wages.

The shortage of staffing across the sector has an impact. We are utilising the government scheme to sponsor staff from abroad and are currently completing this process.

There are cost pressures with regard to inflation. We are trying to mitigate these risks by using energy efficiently and sourcing food at better prices.

We have a number of open vacancies. We need to grow occupancy levels to ensure viability especially as we have 5 townhouses currently in construction. We are in the process of updating our website and going to other boroughs to place clients.

Development and performance

The board of directors see the following key priorities to develop and drive performance:

1. Increase fee rates
2. Advertise our service to other local authorities
3. Continued growth
4. Support Covid booster vaccination scheme

Key performance indicators

The board monitor and review all aspects of the business as a matter of course and through monthly board meetings. Turnover, gross margins, EBITDA, cash position and net assets are the key financial performance indicators reviewed by the business. Further analysis is completed on new revenue / profit stream growth; services trends and cost base analysis.

The 2022 performance is summarised in the fair review of business section of this report.

On behalf of the board

Mrs R Datoo
Director

31 January 2023

DRS CARE HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company is that of being a holding company. The principal activity of the group continued to be that of owning and operating nursing homes and supported living accommodation units.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mrs R Datto

Mrs N McDonald

Auditor

In accordance with the company's articles, a resolution proposing that Shaw Gibbs (Audit) Limited be reappointed as auditor of the group will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

DRS CARE HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Strategic report

The company has chosen in accordance with Companies Act 2006, s.414C(11) to set out the company's strategic report information required by Large and Medium-sized Companies and Groups (Accountants and Reports) Regulations 2008, Sch.7 to be contained in the directors' report. It has done so in respect of the director's business review, principal risks and uncertainties faced by the group and future developments.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. Therefore, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors have reviewed the total comprehensive expense of £657,394 that was generated by the group and the consolidated net current liabilities position of £2,669,276 and have concluded that the current and forecasted performance and position of the group, in combination with the availability of additional funding should this be considered necessary, support their going concern assessment. The group has continued to trade profitably and the total comprehensive expense for the year is a result of property revaluations which are largely attributable to the fact that the properties were initially recognised based on their purchase cost which was driven by profit based valuations, however, the latest valuations obtained are residential valuations resulting in lower fair values for the group's properties.

On behalf of the board

Mrs R Datoo
Director

Mrs N McDonald
Director

31 January 2023

DRS CARE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DRS CARE HOLDINGS LIMITED

Opinion

We have audited the financial statements of DRS Care Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

DRS CARE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DRS CARE HOLDINGS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

1. At the planning stage of the audit we gain an understanding of the laws and regulations which apply to the company and how the management seek to comply with those laws regulations. This helps us to plan appropriate risk assessments.
2. During the audit we focus on relevant risk areas and review the compliance with the laws and regulations by making relevant enquiries and undertaking corroboration, for example by reviewing Board Minutes and other documentation. This includes ensuring compliance with the CQC (Care Quality Commission), as independent regulator for some of the group companies.
3. We assess the risk of material misstatement in the financial statements including as a result of fraud and undertake procedures including:
 - a. Reviewing the controls set in place by management;
 - b. Making enquiries of management as to whether they consider fraud or other irregularity may have taken place, or where such opportunity might exist;
 - c. Challenging management assumptions with regard to accounting estimates; and
 - d. Identifying and testing journal entries, particularly those which appear to be unusual by size or nature.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

DRS CARE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DRS CARE HOLDINGS LIMITED

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nikolaos Ioannidis (Senior Statutory Auditor)
For and on behalf of Shaw Gibbs (Audit) Limited

31 January 2023

Chartered Certified Accountants
Statutory Auditor

264 Banbury Road
Oxford
Oxfordshire
OX2 7DY

DRS CARE HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
	Notes	£	as restated £
Turnover	3	5,683,106	5,519,669
Cost of sales		(4,087,476)	(3,988,219)
Gross profit		1,595,630	1,531,450
Administrative expenses		(1,159,478)	(1,156,866)
Other operating income		31,750	32,536
Operating profit	4	467,902	407,120
Interest receivable and similar income	8	1,352	200
Interest payable and similar expenses	9	(205,075)	(18,860)
Fair value gains on investment properties	12	60,000	-
Profit before taxation		324,179	388,460
Tax on profit	10	(70,834)	(67,628)
Profit for the financial year		253,345	320,832
Other comprehensive income			
Revaluation of tangible assets net of deferred tax impact		(910,739)	4,311
Total comprehensive (expense) / income for the year		(657,394)	325,143

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive expense for the year is all attributable to the owners of the parent company.

DRS CARE HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2021

		2021		2020	
	Notes	£	£	as restated	£
Fixed assets					
Tangible assets	11	16,095,125		13,332,374	
Investment properties	12	360,000		300,000	
		<u>16,455,125</u>		<u>13,632,374</u>	
Current assets					
Debtors	16	506,111		334,202	
Cash at bank and in hand		31,403		348,866	
		<u>537,514</u>		<u>683,068</u>	
Creditors: amounts falling due within one year	17	<u>(3,206,790)</u>		<u>(3,183,010)</u>	
Net current liabilities		<u>(2,669,276)</u>		<u>(2,499,942)</u>	
Total assets less current liabilities		<u>13,785,849</u>		<u>11,132,432</u>	
Creditors: amounts falling due after more than one year	18	<u>(8,003,437)</u>		<u>(4,699,659)</u>	
Provisions for liabilities					
Deferred tax liability	21	120,644		113,610	
		<u>(120,644)</u>		<u>(113,610)</u>	
Net assets		<u>5,661,768</u>		<u>6,319,163</u>	
Capital and reserves					
Called up share capital	24	4		4	
Revaluation reserve		-		824,146	
Profit and loss reserves		5,661,764		5,495,013	
Total equity		<u>5,661,768</u>		<u>6,319,163</u>	

The financial statements were approved by the board of directors and authorised for issue on 31 January 2023 and are signed on its behalf by:

Mrs R Datoo
Director

Mrs N McDonald
Director

DRS CARE HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2021

		2021		2020	
	Notes	£	£	£	£
Fixed assets					
Investments	13		203		203
Current assets					
Debtors	16	10,077,894		7,275,997	
Cash at bank and in hand		1		1	
		<u>10,077,895</u>		<u>7,275,998</u>	
Creditors: amounts falling due within one year	17	<u>(2,590,117)</u>		<u>(2,931,974)</u>	
Net current assets			<u>7,487,778</u>		<u>4,344,024</u>
Total assets less current liabilities			<u>7,487,981</u>		<u>4,344,227</u>
Creditors: amounts falling due after more than one year	18		<u>(7,862,983)</u>		<u>(4,612,649)</u>
Net liabilities			<u><u>(375,002)</u></u>		<u><u>(268,422)</u></u>
Capital and reserves					
Called up share capital	24		4		4
Profit and loss reserves			<u>(375,006)</u>		<u>(268,426)</u>
Total equity			<u><u>(375,002)</u></u>		<u><u>(268,422)</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £106,580 (2020 - £268,426 loss).

The financial statements were approved by the board of directors and authorised for issue on 31 January 2023 and are signed on its behalf by:

Mrs R Datoo
Director

Mrs N McDonald
Director

Company Registration No. 12238837

DRS CARE HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 January 2020		1	819,835	5,116,721	5,936,557
Impact of prior year adjustment	31	-	-	57,460	57,460
As restated		1	819,835	5,174,181	5,994,017
Year ended 31 December 2020:					
Profit for the year as restated	31	-	-	320,832	320,832
Other comprehensive income:					
Revaluation of tangible fixed assets		-	4,311	-	4,311
Total comprehensive income for the year as restated		-	4,311	320,832	325,143
Issue of share capital	24	3	-	-	3
Balance at 31 December 2020 as restated		4	824,146	5,495,013	6,319,163
Year ended 31 December 2021:					
Profit for the year		-	-	253,345	253,345
Other comprehensive income:					
Revaluation of tangible fixed assets		-	(910,739)	-	(910,739)
Total comprehensive income for the year		-	(910,739)	253,345	(657,394)
Transfers		-	86,593	(86,593)	-
Balance at 31 December 2021		4	-	5,661,764	5,661,768

DRS CARE HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 January 2020		1	-	1
Year ended 31 December 2020:				
Loss and total comprehensive expense for the year		-	(268,426)	(268,426)
Issue of share capital	24	3	-	3
Balance at 31 December 2020		4	(268,426)	(268,422)
Year ended 31 December 2021:				
Loss and total comprehensive expense for the year		-	(106,580)	(106,580)
Balance at 31 December 2021		4	(375,006)	(375,002)

DRS CARE HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021		2020	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	29	676,375		1,195,056	
Interest paid		(205,075)		(18,860)	
Income taxes paid		-		(110,004)	
Net cash inflow from operating activities		471,300		1,066,192	
Investing activities					
Purchase of tangible fixed assets		(3,894,419)		(5,394,659)	
Proceeds from disposal of tangible fixed assets		13,848		-	
Interest received		1,352		200	
Net cash used in investing activities		(3,879,219)		(5,394,459)	
Financing activities					
Repayment of directors loan account		(192,623)		-	
Proceeds from new bank loans		3,537,579		4,800,000	
Repayment of bank loans		(206,154)		(12,733)	
Payment of finance leases obligations		(48,346)		(20,963)	
Net cash generated from financing activities		3,090,456		4,766,304	
Net (decrease)/increase in cash and cash equivalents		(317,463)		438,037	
Cash and cash equivalents at beginning of year		348,866		(89,171)	
Cash and cash equivalents at end of year		31,403		348,866	

DRS CARE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

DRS Care Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 45 Pembury Road, Tottenham, London, N17 6SS.

The group consists of DRS Care Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold and investment properties at fair value. The principal accounting policies adopted are set out below.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.3 Basis of consolidation

During the 2020 financial period, DRS Care Holdings Limited acquired the shareholdings in each of its subsidiaries from its ultimate owner. This did not result in any change in the ultimate ownership of the group and therefore merger accounting has been applied.

The consolidated group financial statements consist of the financial statements of the parent company DRS Care Holdings Limited together with all entities controlled by the parent company (its subsidiaries).

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

DRS CARE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. Therefore, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors have reviewed the total comprehensive expense of £657,394 that was generated by the group and the consolidated net current liabilities position of £2,669,276 and have concluded that the current and forecasted performance and position of the group, in combination with the availability of additional funding should this be considered necessary, support their going concern assessment. The group has continued to trade profitably and the total comprehensive expense for the year is a result of property revaluations which are largely attributable to the fact that the properties were initially recognised based on their purchase cost which was driven by profit based valuations, however, the latest valuations obtained are residential valuations resulting to lower fair values for the group's properties.

1.5 Turnover

Turnover is recognised at the fair value of the consideration receivable for services provided in the normal course of business.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% per annum on cost or valuation of buildings, land is not depreciated
Plant and equipment	25% reducing balance
Fixtures and fittings	25% reducing balance
Computers	25% per annum on cost
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

Properties rented to group entities are accounted for as tangible fixed assets.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

DRS CARE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

DRS CARE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

DRS CARE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

DRS CARE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Valuation of freehold properties and investment property

The fair values of the freehold and investment properties have been arrived at on the basis of valuations carried out by Arnold & Hobbs Ltd, a firm of Chartered Surveyors who are not connected with the company, as at 31 December 2021. The valuations were made on an open market value basis (which is considered to be a true reflection of the fair value) by reference to comparable recent market rates and capital cost transactions completed at arm's length basis for similar properties.

Useful economic life of non-current assets

The useful economic lives of non-current assets have been derived from the judgement of the Directors, using their best estimate of the write-down period.

Land which is generally estimated to be 35% of the properties' value is not depreciated.

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		As restated
Care home services	2,000,503	2,389,668
Supported living services	3,605,918	3,049,215
Contributions to care	76,685	80,786
	<u>5,683,106</u>	<u>5,519,669</u>
 Turnover analysed by geographical market		
United Kingdom	<u>5,683,106</u>	<u>5,519,669</u>
 Other revenue		
Interest income	1,352	200
Rental income	<u>31,750</u>	<u>32,536</u>

DRS CARE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	233,169	157,566
Depreciation of tangible fixed assets held under finance leases	53,693	21,155
Loss on disposal of tangible fixed assets	7,341	-
	<u>294,203</u>	<u>178,821</u>

5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	4,410	4,200
Audit of the financial statements of the company's subsidiaries	20,790	19,800
	<u>25,200</u>	<u>24,000</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
92	83	-	-
<u>92</u>	<u>83</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	2,968,160	2,695,227	-	-
Social security costs	323,350	293,233	-	-
Pension costs	45,700	40,057	-	-
	<u>3,337,210</u>	<u>3,028,517</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	185,355	185,355
	<u>185,355</u>	<u>185,355</u>

DRS CARE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	1,352	64
Other interest income	-	136
	<u>1,352</u>	<u>200</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	1,352	64
	<u>1,352</u>	<u>64</u>

9 Interest payable and similar expenses

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	197,638	14,493
Other finance costs:		
Interest on finance leases and hire purchase contracts	7,437	4,367
	<u>205,075</u>	<u>18,860</u>

10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	58,321	79,076
	<u>58,321</u>	<u>79,076</u>
Deferred tax		
Origination and reversal of timing differences	12,513	(11,448)
	<u>12,513</u>	<u>(11,448)</u>
	<u>70,834</u>	<u>67,628</u>

DRS CARE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	324,179	388,460
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	61,594	73,807
Tax effect of expenses that are not deductible in determining taxable profit	2,330	3,918
Permanent capital allowances in excess of depreciation	5,797	1,351
Deferred tax adjustments in respect of prior years	-	(11,448)
Increase in fair value of investment property not taxable	(11,400)	-
Deferred tax movement	12,513	-
Taxation charge	70,834	67,628

DRS CARE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

11 Tangible fixed assets

Group	Freehold land and buildings £	Assets under construction £	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost							
At 1 January 2021	12,899,602	267,621	808,194	143,714	16,474	243,826	14,379,431
Additions	1,646,811	2,116,185	3,845	121,365	6,212	110,097	4,004,515
Disposals	-	-	-	-	-	(74,432)	(74,432)
Revaluation	(933,713)	-	-	-	-	-	(933,713)
At 31 December 2021	13,612,700	2,383,806	812,039	265,079	22,686	279,491	17,375,801
Depreciation and impairment							
At 1 January 2021	195,966	-	683,401	73,583	3,373	90,734	1,047,057
Depreciation charged in the year	162,017	-	31,898	33,329	4,940	54,678	286,862
Eliminated in respect of disposals	-	-	-	-	-	(53,243)	(53,243)
At 31 December 2021	357,983	-	715,299	106,912	8,313	92,169	1,280,676
Carrying amount							
At 31 December 2021	13,254,717	2,383,806	96,740	158,167	14,373	187,322	16,095,125
At 31 December 2020	12,703,636	267,621	124,793	70,131	13,101	153,092	13,332,374

The company had no tangible fixed assets at 31 December 2021 or 31 December 2020.

DRS CARE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Tangible fixed assets

(Continued)

Assets under construction relate to the amounts billed with respect to the construction work undertaken as detailed in note 25.

12 Investment property

	Group 2021 £	Company 2021 £
Fair value		
At 1 January 2021 and 31 December 2021	300,000	-
Revaluation	60,000	-
	<u>360,000</u>	<u>-</u>
At 31 December 2021	<u>360,000</u>	<u>-</u>

The fair values of the investment properties have been arrived at on the basis of valuations carried out by Arnold & Hobbs Ltd, a firm of Chartered Surveyors who are not connected with the company, as at 31 December 2021. The valuations were made on an open market value basis (which is considered to be a true reflection of the fair value) by reference to comparable recent market rates and capital cost transactions completed at arm's length basis for similar properties.

13 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	14	-	-	203	203
		<u>-</u>	<u>-</u>	<u>203</u>	<u>203</u>

Movements in fixed asset investments Company

Cost or valuation

At 1 January 2021 and 31 December 2021

203

Carrying amount

At 31 December 2021

203

At 31 December 2020

203

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

DRS CARE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Subsidiaries

(Continued)

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
DRS Housing Ltd	1	Care Homes	Ordinary	100.00	-
DRS Domiciliary Agency Ltd	1	Property	Ordinary	100.00	-
DRS Care Homes Limited	1	Care Homes	Ordinary	100.00	-
DRS Care Home Properties Limited	1	Property	Ordinary	100.00	-
Fusion Flavour Ltd	1	Non-trading	Ordinary	0	100.00

Registered office addresses (all UK unless otherwise indicated):

1 45 Pembury Road, Tottenham, London, N17 6SS

15 Financial instruments

	Group 2021 £	2020 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	469,428	633,972
Carrying amount of financial liabilities		
Measured at amortised cost	10,991,725	7,726,578

16 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:		As restated		
Trade debtors	314,037	181,031	-	-
Amounts owed by group undertakings	-	-	10,077,894	7,272,211
Other debtors	156	20,938	-	3,786
Prepayments and accrued income	152,398	110,209	-	-
	<u>466,591</u>	<u>312,178</u>	<u>10,077,894</u>	<u>7,275,997</u>
Amounts falling due after more than one year:				
Deferred tax asset (note 21)	39,520	22,024	-	-
	<u>39,520</u>	<u>22,024</u>	<u>-</u>	<u>-</u>
Total debtors	<u>506,111</u>	<u>334,202</u>	<u>10,077,894</u>	<u>7,275,997</u>

DRS CARE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

17 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	19	255,709	174,618	255,709	174,618
Obligations under finance leases	20	30,812	25,005	-	-
Trade creditors		139,914	43,385	20,100	-
Amounts owed to group undertakings		-	-	-	250,893
Corporation tax payable		137,397	79,076	-	-
Other taxation and social security		81,107	77,015	-	-
Deferred income	22	2,498	2,498	-	-
Other creditors		2,424,286	2,734,617	2,301,390	2,494,163
Accruals		135,067	46,796	12,918	12,300
		<u>3,206,790</u>	<u>3,183,010</u>	<u>2,590,117</u>	<u>2,931,974</u>

18 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	19	7,862,983	4,612,649	7,862,983	4,612,649
Obligations under finance leases	20	125,617	69,673	-	-
Deferred income	22	14,837	17,337	-	-
		<u>8,003,437</u>	<u>4,699,659</u>	<u>7,862,983</u>	<u>4,612,649</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	<u>4,940,995</u>	<u>3,857,665</u>	<u>4,940,995</u>	<u>3,857,665</u>
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19 Loans and overdrafts

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	<u>8,118,692</u>	<u>4,787,267</u>	<u>8,118,692</u>	<u>4,787,267</u>
Payable within one year	255,709	174,618	255,709	174,618
Payable after one year	<u>7,862,983</u>	<u>4,612,649</u>	<u>7,862,983</u>	<u>4,612,649</u>

Triodos Bank UK Limited hold fixed and floating charge over the undertakings and all property and assets of the company.

DRS CARE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

20 Finance lease obligations

	Group 2021 £	2020 £	Company 2021 £	2020 £
Future minimum lease payments due under finance leases:				
Within one year	30,813	25,005	-	-
In two to five years	125,616	69,673	-	-
	<u>156,429</u>	<u>94,678</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4.6 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
Group				
Accelerated capital allowances	81,124	68,611	-	-
Property revaluations	39,520	44,999	39,520	22,024
	<u>120,644</u>	<u>113,610</u>	<u>39,520</u>	<u>22,024</u>

The company has no deferred tax assets or liabilities.

	Group 2021 £	Company 2021 £
Movements in the year:		
Liability at 1 January 2021	91,586	-
Charge to profit or loss	12,513	-
Credit to other comprehensive income	(22,975)	-
	<u>81,124</u>	<u>-</u>
Liability at 31 December 2021		

DRS CARE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

22 Deferred income

	Group 2021 £	2020 £	Company 2021 £	2020 £
Other deferred income	17,335	19,835	-	-
	<u>17,335</u>	<u>19,835</u>	<u>-</u>	<u>-</u>

Deferred income is included in the financial statements as follows:

Current liabilities	2,498	2,498	-	-
Non-current liabilities	14,837	17,337	-	-
	<u>17,335</u>	<u>19,835</u>	<u>-</u>	<u>-</u>

23 Retirement benefit schemes

Defined contribution schemes

	2021 £	2020 £
Charge to profit or loss in respect of defined contribution schemes	45,700	39,970
	<u>45,700</u>	<u>39,970</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share capital

Group and company	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	4	4	4	4
	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

25 Financial commitments, guarantees and contingent liabilities

In the prior year, DRS Domiciliary Agency Ltd entered into a contract for the design and build of 5 townhouses on the land to the rear of 705-707 High Road, Tottenham, N17 8AD.

The contract commencement date was 1 December 2020. The total build price is £3,108,208, expected to be completed by 31 January 2023. At 31 December 2021, £2,383,806 of works had been completed.

26 Related party transactions

In accordance with Section 33.1A of FRS 102, related party transactions and outstanding balances have not been disclosed with and between wholly owned subsidiaries within the group.

27 Directors' transactions

Included in other creditors, as at the year end, the company and group owed Mrs R Datoo £2,301,540 (2020: £2,494,163). This loan is interest free and repayable on demand.

DRS CARE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

28 Controlling party

The ultimate controlling party is Mrs R Datto.

29 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	253,345	320,832
Adjustments for:		
Taxation charged	70,834	67,628
Finance costs	205,075	18,860
Investment income	(1,352)	(200)
Loss on disposal of tangible fixed assets	7,341	-
Fair value gain on investment properties	(60,000)	-
Depreciation and impairment of tangible fixed assets	286,862	178,719
Movements in working capital:		
(Increase)/decrease in debtors	(154,413)	309,262
Increase in creditors	71,183	303,240
Decrease in deferred income	(2,500)	(3,285)
Cash generated from operations	676,375	1,195,056

30 Analysis of changes in net debt - group

	1 January 2021 £	Cash flows £	New bank loans £	New finance leases £	31 December 2021 £
Cash at bank and in hand	348,866	(317,463)	-	-	31,403
Borrowings excluding overdrafts	(4,787,267)	206,154	(3,537,579)	-	(8,118,692)
Obligations under finance leases	(94,678)	48,346	-	(110,097)	(156,429)
	<u>(4,533,079)</u>	<u>(62,963)</u>	<u>(3,537,579)</u>	<u>(110,097)</u>	<u>(8,243,718)</u>

31 Prior period adjustment

Changes to the balance sheet - group

	As previously reported £	Adjustment £	As restated at 31 Dec 2020 £
Current assets			
Debtors due within one year	257,251	76,951	334,202
Capital and reserves			
Profit and loss reserves	5,418,062	76,951	5,495,013

DRS CARE HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

31 Prior period adjustment (Continued)

Changes to the profit and loss account - group

	As previously reported £	Adjustment £	As restated £
Period ended 31 December 2020			
Turnover	5,500,178	19,491	5,519,669
Profit for the financial period	301,341	19,491	320,832

Reconciliation of changes in equity - group

	1 January 2020 £	31 December 2020 £
Adjustments to prior year		
Income not recognised	57,460	76,951
Equity as previously reported	5,936,557	6,242,212
Equity as adjusted	5,994,017	6,319,163

Analysis of the effect upon equity

Profit and loss reserves	57,460	76,951
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Reconciliation of changes in profit for the previous financial period

	2020 £
Adjustments to prior year	
Income not recognised	19,491
Profit as previously reported	301,341
Profit as adjusted	320,832

Notes to reconciliation

Following a detailed review of the services provided to tenants in DRS Housing Ltd, the directors identified additional services were being provided to one of the residents and as such additional income of £102,513 has been charged to the council for the period January 2017 to April 2022. Of this balance, £19,488 relates to the 2021 financial year, £19,491 relates to the 2020 financial year, £57,460 relates to the period before the 2020 financial year and £6,074 relates to the 2022 financial year.

The above has led to prior year adjustments being processed. As a result, the previous year's consolidated profit of £305,852 (as previously reported) has been restated to £325,143 (as restated), consolidated debtors within one year of £257,251 (as previously reported) has been restated to £334,202 (as restated). Opening reserves of £5,116,721 (as previously reported) has been restated to £5,174,181 (as restated). Net assets have increased from £6,242,212 (as previously reported) to £6,319,163 (as restated).

The above adjustments have no impact on the company's loss and equity.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.